

## Message Text

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PAGE 01 BRASIL 01898 101916Z  
ACTION TRSE-00

INFO OCT-01 ARA-10 ISO-00 EB-08 L-03 SS-15 SP-02  
NSC-05 AID-05 OMB-01 FRB-03 /053 W  
-----060018 110414Z /64  
R 101819Z MAR 78  
FM AMEMBASSY BRASILIA  
TO SECSTATE WASHDC 6504

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PASS TREASURY

E.O. 11652: NA  
TAGS: EFIN, BR  
SUBJECT: GOB COMMENTS ON COMPTROLLER OF CURRENCY DRAFT RULING

REF: BRASILIA 0320

1. ON 9 MARCH THE GOB FORWARDED COMMENTS TO FINATT ON THE  
COMPTROLLER OF THE CURRENCY'S DRAFT RULING ON FOREIGN LENDING  
BY U.S. BANKS, UNDER COVER OF A LETTER FROM MINISTER SIMONSEN  
TO SECRETARY BLUMENTHAL.

2. THE MAIN POINTS OF THE COMMENTS ARE: A) THE LIMIT  
ON LOANS TO GOVERNMENTS SHOULD BE BASED ON PAST EXPERIENCE  
WITH REAL LOSSES AND THUS SHOULD BE SUBSTANTIALLY HIGHER  
THAN 10 PERCENT; B) DETERMINATION OF AN ACCEPTABLE LEVEL  
OF GOVERNMENT SUPPORT FOR BORROWING ENTITIES SHOULD USE  
THE CONCEPT OF TOTAL GROSS REVENUES FROM ALL SOURCES AND  
THE LIMIT ON SUCH SUPPORT SHOULD BE RAISED FROM 50 PERCENT  
TO 80-90 PERCENT IF THE LENDING LIMIT OF 10 PERCENT TO A  
SINGLE BORROWER IS NOT MODIFIED; C) THE INTERPRETATION OF  
THE PURPOSE TEST SHOULD NOT PRECLUDE TEMPORARY UTILIZATION  
OF FUNDS FOR PURPOSES NOT SPECIFICALLY CITED IN THE  
LOAN TRANSACTION SINCE PROPER BANKING PRACTICE REQUIRES  
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FULL DRAWDOWN OF A LOAN EVEN IF THE PROJECT CANNOT  
IMMEDIATELY ABSORB ALL THE RESOURCES INVOLVED.

3. FOLLOWING IS THE TEXT OF THE LETTER TO SECRETARY  
BLUMENTHAL: QUOTE BRASILIA, D.F., MARCH 3, 1978, DEAR MICHAEL:  
THIS IS JUST A BRIEF NOTE IN CONNECTION WITH THE PROPOSED  
RULING BY THE COMPTROLLER OF THE CURRENCY

APPLICABLE TO THE COMBINING OF LOANS MADE BY NATIONAL BANKS TO FOREIGN GOVERNMENTS, THEIR AGENCIES AND INSTRUMENTALITIES UNDER THE LENDING LIMIT PROVISION OF 12 USC 84.

ON THE OCCASION OF FRED BERGSTEN'S VISIT WITH US LAST DECEMBER, HE TOLD ME OF YOUR INTEREST IN HEARING ANY COMMENTS WHICH WE MIGHT HAVE WITH RESPECT TO THIS DRAFT RULING REGARDING FOREIGN LENDING BY U.S. BANKS.

IT IS MY PLEASURE TO ATTACH THE OBSERVATIONS WHICH WE HAVE DEEMED APPROPRIATE.

WARMEST PERSONAL REGARDS, MARIO HENRIQUE SIMONSEN, MINISTER OF FINANCE OF BRAZIL. END QUOTE.

4. ORIGINAL LETTER AND GOB COMMENTS AND SUGGESTIONS BEING POUCHED.  
JOHNSON

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NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 jan 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** BANK LOANS, LOAN AGREEMENTS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 10 mar 1978  
**Decaption Date:** 01 jan 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 20 Mar 2014  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1978BRASIL01898  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Expiration:**  
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**Office:** ACTION TRSE  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
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**Review Withdrawn Fields:** n/a  
**SAS ID:** 3378507  
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**Status:** NATIVE  
**Subject:** GOB COMMENTS ON COMPTROLLER OF CURRENCY DRAFT RULING  
**TAGS:** EFIN, BR, US  
**To:** STATE  
**Type:** TE  
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**Review Markings:**  
Sheryl P. Walter  
Declassified/Released  
US Department of State  
EO Systematic Review  
20 Mar 2014  
**Markings:** Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014